



# Together BR releases report questioning the effectiveness of industrial tax breaks

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By Kevin Frey, Reporter



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BATON ROUGE, LA (WAFB) -

Every year, East Baton Rouge doles out tens of millions of dollars in new tax breaks to businesses to spur economic development. But a new study raises questions about whether those tax incentives are effective.

Compiled by the civic group Together Baton Rouge, [the report](#) examines the Industrial Tax Exemption Program (ITEP).

“ITEP exceptions are meant to be an incentive, they are not meant to be a gift,” said Jennifer Carwile with Together BR.

The report claims that over the past 17 years, only 1 percent of the tax breaks went to creating new businesses and opportunities in EBR. The rest went to businesses that are already in the parish.

“It is off the charts in terms of poor return on a public investment,” said Broderick Bagert, who compiled the study for Together BR.

The report also examines job creation over the past two decades. Looking at the top seven recipients of the tax breaks, the report says there was a net loss – not job gain – of more than 2,200 jobs during that time period.

Kyle Zeringue with the Baton Rouge Area Chamber (BRAC) said he questions those numbers, noting these exemptions can have ripple effects beyond just new jobs at the companies receiving the tax breaks.

“I think it’s worth looking at the types of jobs that have been created either in the contractor community or the wages of the jobs as they move to a more efficient or higher technology operation,” Zeringue said.

The report comes as ITEP stands at a crossroads. In 2016, Gov. John Bel Edwards signed an executive order giving local government bodies – like the school board and the Metro Council – a say over which companies gets tax breaks. Before that, a statewide board controlled those exemptions.

Together BR supports the change, believing it will serve as a check on those exemptions to determine if they are working. However, BRAC said giving multiple parish bodies a say could make things less predictable for business.

“It would create a more bureaucratic process that will be much more onerous and less business friendly,” Zeringue said.

BRAC instead wants the parish to create a sort of central committee to approve those tax breaks, believing it will streamline the process for businesses considering moving into the parish.

The parish bodies now get to determine the best way forward.

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